

(3) When a subject person to whom an order has been issued pursuant to subdivision (c) or (e) applies to the commissioner for a hearing pursuant to subparagraph (A) of paragraph (1) of subdivision (f), the Office of Administrative Hearings shall schedule the hearing on a priority basis at the earliest possible time and once the hearing is commenced, it shall not be continued for more than three business days without the consent of the subject person.

(4) If the Office of Administrative Hearings cannot schedule the commencement of a hearing within 15 business days as provided by paragraph (1) of subdivision (f), and the subject person does not waive his or her right to a hearing commencing within 15 days, the hearings may be conducted by administrative law judges appointed by the commissioner. In the event the subject person chooses to accept a hearing before an administrative law judge appointed by the commissioner, the hearing shall be completed within 45 days of commencement unless additional time is requested by the subject person. If the hearing is not completed within 45 days, the order shall be deemed rescinded as if it had not been issued.

(j) Nothing in this section is intended to or shall be construed to create a private cause of action against an offending subject person or an insurer or production agency that aids and abets a subject person, based on the standards established by this section or the commissioner's findings or orders pursuant to this section.

(k) Notwithstanding this section, or any other authority of the commissioner, the commissioner shall not have the power to remove or replace either the board of directors or the president of the State Compensation Insurance Fund.

SEC. 3.3. Section 738 of the Insurance Code is amended to read:

738. The commissioner shall have the same powers and authority to examine the State Compensation Insurance Fund as are conferred upon him by law relative to the examination of other insurers except where the fund is specifically exempted by reference.

SEC. 3.5. Section 739.5 of the Insurance Code is amended to read:

739.5. (a) "Authorized Control Level Event" means any of the following events:

(1) The filing of an RBC Report by the insurer that indicates that the insurer's Total Adjusted Capital is greater than or equal to its Mandatory Control Level RBC but less than its Authorized Control Level RBC.

(2) The notification by the commissioner to the insurer of an Adjusted RBC Report that indicates the event in paragraph (1), provided the insurer does not challenge the Adjusted RBC Report under Section 739.7.

(3) If the insurer challenges an Adjusted RBC Report that indicates the event in paragraph (1) under Section 739.7, notification by the commissioner to the insurer that the commissioner has, after a hearing, rejected the insurer's challenge.

(4) The failure of the insurer to respond, in a manner satisfactory to the commissioner, to a Corrective Order, provided the insurer has not challenged the Corrective Order under Section 739.7.

(5) If the insurer has challenged a Corrective Order under Section 739.7 and the commissioner has, after a hearing, rejected the challenge or modified the Corrective Order, the failure of the insurer to respond, in a manner satisfactory to the commissioner, to the Corrective Order subsequent to rejection or modification by the commissioner.

(b) In the event of an Authorized Control Level Event with respect to an insurer, the commissioner shall do the following:

(1) Take such actions as are required under Section 739.4 regarding an insurer with respect to which a Regulatory Action Level Event has occurred.

(2) If the commissioner deems it to be in the best interests of the policyholders and creditors of the insurer and of the public, take such actions as are necessary to cause the insurer to be placed under regulatory control under Article 14 (commencing with Section 1010), Article 14.3 (commencing with Section 1064.1), Article 14.5 (commencing with Section 1065.1), and Article 15.5 (commencing with Section 1077). In the event the commissioner takes those actions, the Authorized Control Level Event shall be deemed sufficient grounds for the commissioner to take that action, and the commissioner shall have the rights, powers, and duties with respect to the insurer as are set forth in those provisions. In the event the commissioner takes actions under this paragraph pursuant to an Adjusted RBC Report, the insurer shall be entitled to such protections as are afforded to insurers under the provisions pertaining to summary proceedings.

(c) In the event of an Authorized Control Level Event with respect to the State Compensation Insurance Fund, the commissioner shall also issue a report to the Governor, the President pro Tempore of the Senate, and the Speaker of the Assembly setting forth the conditions that exist.

SEC. 3.6. Section 739.6 of the Insurance Code is amended to read:

739.6. (a) "Mandatory Control Level Event" means any of the following events:

(1) The filing of an RBC Report that indicates that the insurer's Total Adjusted Capital is less than its Mandatory Control Level RBC.

(2) Notification by the commissioner to the insurer of an Adjusted RBC Report that indicates the event in paragraph (1), provided the insurer does not challenge the Adjusted RBC Report under Section 739.7.

(3) If the insurer challenges an Adjusted RBC Report that indicates the event in paragraph (1) under Section 739.7, notification by the commissioner to the insurer that the commissioner has, after a hearing, rejected the insurer's challenge.

(b) (1) With respect to a life or health insurer, in the event of a Mandatory Control Level Event, the commissioner shall take actions as are necessary to cause the insurer to be placed under regulatory control under Article 14 (commencing with Section 1010), Article 14.3 (commencing with Section 1064.1), Article 14.5 (commencing with Section 1065.1), and Article 15.5 (commencing with Section 1077). In that event, the Mandatory Control Level Event shall be deemed sufficient grounds for the commissioner to take action under those acts, and the commissioner shall have the rights, powers, and duties with respect to the insurer as are set forth therein. In the event the commissioner takes actions pursuant to an Adjusted RBC Report, the insurer shall be entitled to protections as are afforded to insurers under those provisions. Notwithstanding any of the foregoing, the commissioner may forego action for up to 90 days after the Mandatory Control Level Event if he or she finds there is a reasonable expectation that the Mandatory Control Level Event may be eliminated within the 90-day period.

(2) With respect to a property and casualty insurer, the commissioner shall take those actions as are necessary to place the insurer under regulatory control, or, in the

case of an insurer which is writing no business and that is running-off its existing business, may allow the insurer to continue its run-off under the supervision of the commissioner. In either event, the Mandatory Control Level Event shall be deemed sufficient grounds for the commissioner to take action and the commissioner shall have the rights, powers, and duties with respect to the insurer as are set forth in Article 14 (commencing with Section 1010). If the commissioner takes actions pursuant to an Adjusted RBC Report, the insurer shall be entitled to the protections of Article 14 (commencing with Section 1010) pertaining to summary proceedings. Notwithstanding any of the foregoing, the commissioner may forego action for up to 90 days after the Mandatory Control Level Event if the commissioner finds there is a reasonable expectation that the Mandatory Control Level Event may be eliminated within the 90-day period.

(3) In the event of a Mandatory Control Level Event with respect to the State Compensation Insurance Fund, the commissioner shall also issue a report to the Governor, the President pro Tempore of the Senate, and the Speaker of the Assembly setting forth the conditions that exist.

SEC. 3.7. Section 739.12 of the Insurance Code is amended to read:

739.12. (a) All notices by the commissioner to an insurer that may result in regulatory action hereunder shall be effective upon dispatch if transmitted by registered or certified mail, or in the case of any other transmission shall be effective upon the insurer's receipt of such notice.

(b) Copies of all notices from the commissioner to the State Compensation Insurance Fund under this article shall be sent to the Governor.

Amendment 9

On page 5, line 37, strike out "SEC. 2.5." and insert:

SEC. 3.8.

Amendment 10

On page 6, between lines 3 and 4, insert:

SEC. 3.9. Section 1010 of the Insurance Code is amended to read:

1010. (a) The provisions of this article shall apply to all persons, except the State Compensation Insurance Fund, subject to examination by the commissioner, or purporting to do insurance business in this State, or in the process of organization with intent to do such business therein, or from whom the commissioner's certificate of authority is required for the transaction of business, or whose certificate of authority is revoked or suspended.

(b) Notwithstanding subdivision (a), if any of the conditions set forth in Section 1011 exists with respect to the State Compensation Insurance Fund, and the commissioner would otherwise file a verified application with the superior court or proceed under Section 1013 against the fund, the commissioner shall instead issue a report to the Governor, the President pro Tempore of the Senate, and the Speaker of the Assembly setting forth the conditions that exist and recommending a course to

remedy those conditions. The Governor shall direct a course of action to be implemented by the fund's board of directors, or if additional legislative action is necessary, recommend a course of action to the Legislature.

Amendment 11

On page 6, line 30, strike out "SEC. 3." and insert:

SEC. 4.

Amendment 12

On page 13, line 21, strike out "SEC. 3.75." and insert:

SEC. 4.1.

Amendment 13

On page 15, between lines 31 and 32, insert:

SEC. 4.2. Section 1064.12 of the Insurance Code is amended to read:

1064.12. (a) This article may be referred to as the "Uniform Insurers Rehabilitation Act."

(b) The Uniform Insurers Rehabilitation Act shall be so interpreted and construed as to effectuate its general purpose to make uniform the law of those states that enact it. To the extent that its provisions, when applicable, conflict with Article 14 (commencing with Section 1010), the provisions of this article shall control. The provisions of Article 14 (commencing with Section 1010) not in conflict with this article shall be unaffected by it.

(c) This article does not apply in regard to insurers domiciled in any state that is not a reciprocal state, and to any insurer domiciled in a reciprocal state before that state appoints a domiciliary receiver for the insurer. All those insurers shall be governed by Article 14 (commencing with Section 1010). If a domiciliary receiver is appointed in a reciprocal state while a receivership is proceeding under Article 14 (commencing with Section 1010), the receiver under that article shall thereafter act as ancillary receiver under Section 1064.3.

(d) This article shall not apply to the State Compensation Insurance Fund.

Amendment 14

On page 15, line 32, strike out "SEC. 4." and insert:

SEC. 4.4.

Amendment 15

On page 16, between lines 19 and 20, insert:

SEC. 4.6. Section 1077.1 of the Insurance Code is amended to read:

1077.1. The provisions of the article shall apply to all of the following:

(a) All domestic life or disability insurers, except the State Compensation Insurance Fund.

(b) Any other life or disability insurer doing business in this state whose state of domicile has asked the commissioner to apply the provisions of this article as regards that insurer.

(c) Notwithstanding subdivision (a), the State Compensation Insurance Fund may give its consent to administrative supervision pursuant to paragraph (5) of subdivision (a) of Section 1077.2.

Amendment 16

On page 26, between lines 2 and 3, insert:

SEC. 13.1. Section 11778 of the Insurance Code is amended to read:

11778. The fund may transact workers' compensation insurance required or authorized by law of this state to the same extent as any other insurer. The fund shall be subject to the powers and authority of the commissioner to the same extent as any other insurer transacting workers' compensation insurance, except where specifically exempted by reference. For purposes of Section 700, the fund shall be deemed admitted to transact this class of insurance.

SEC. 13.2. Section 11797 of the Insurance Code is amended to read:

11797. The board of directors shall cause all moneys in the State Compensation Insurance Fund which are in excess of current requirements to be invested and reinvested, from time to time, in the same manner as provided for private insurance carriers pursuant to Article 3 (commencing with Section 1170) and Article 4 (commencing with Section 1190) of Chapter 2 of Part 2 of Division 1, but excluding Sections 1191, 1191.1191.5, 1192.2, 1192.4, 1192.6, 1192.7, 1192.95, 1192.10, 1194.8, 1194.81, 1194.82, 1194.85, 1198, and 1199.